

October 20, 2022

Subject: Funds Available for Diesel Reduction Projects

Dear Stakeholders:

The Connecticut Department of Energy and Environmental Protection (DEEP) is announcing the availability of up to \$1,189,000 in new funds for the reduction of diesel emissions in our state. DEEP is seeking grant proposals from municipalities, organizations, and businesses for diesel emissions reduction projects that are environmentally and economically-beneficial, can be initiated promptly, and will be completed quickly.

This year, the U.S. Environmental Protection Agency (EPA) is allocating to Connecticut a minimum of \$355,000, authorized under the federal Diesel Emissions Reduction Act (DERA), for projects to reduce diesel pollution in the state. In addition, DEEP has reserved the opportunity to nearly triple its DERA allocation using funds available through the “DERA Option” under Connecticut’s Volkswagen Mitigation Program (VW Program); this could increase the total to as much as \$1,189,000.

All interested parties are encouraged to apply by submitting their proposal on the attached form, which can also be found on DEEP’s [Diesel Grants & Funding](#) page. Completed forms and inquiries should be directed to the attention of DERA Grants Administration at DEEP.MobileSources@ct.gov; proposals must be submitted no later than November 30, 2022.

DERA funding presents an excellent opportunity to leverage federal funds to replace older diesel vehicles and equipment with newer, cleaner equipment, including electric alternatives to diesel, which will benefit you while also helping to improve air quality and protect public health in Connecticut. A more complete list of eligible projects is provided in the attached 2022 Guidance for State DERA Project Proposals (2022 DERA Guidance Document). Projects must be completed by August 31, 2023.

DEEP recommends interested parties review the 2022 DERA Guidance Document, to find out more details about DERA eligibility as well as some VW and DERA program differences. Note that many diesel emission reduction projects that are eligible for the DERA program are not eligible for the VW Program. Therefore, DEEP also recommends that you familiarize yourselves with the State of Connecticut Mitigation Plan under Volkswagen 2.0L and 3.0L Vehicle Partial Consent Decrees, Appendix D, on DEEP’s [VW Settlement](#) page as you consider options under both the existing DERA and future VW opportunities.

Sincerely,

Katherine S. Dykes
Commissioner

Attachments: 3

Attachment A

2022 State DERA Funding Fact Sheet

The maximum incentives available for DERA projects are similar to the 2021 State DERA Program. DERA funds can be used to replace diesel-powered vehicles and equipment with diesel, electric, CNG or propane-powered equivalents. **A number of new requirements related to project eligibility were instituted in 2021. Please be sure to review all materials to determine project eligibility and make sure forms are complete upon submittal.** A complete list of eligible projects is provided in the attached 2022 DERA Guidance Document. Please see the list below for projects that are eligible for DERA funding but are not eligible for VW Program funding:

- Replacement or repowering (engine replacement) of nonroad construction or agricultural equipment (including loaders and commercial mowers), transport refrigeration units (TRUs), stationary generators and pumps;
- Engine upgrades (rebuilt) of on-highway, nonroad, marine or locomotive engines;
- Replacement or repowering of commercial vessels (marine engine funding under the VW Program is limited to tugboats and ferries);
- Replacement or repowering for long haul locomotives;
- Idle reduction technologies, including auxiliary power units on long haul trucks and school buses, truck stop electrification, idle reduction for locomotives, and shorepower for TRUs; and
- Emission control technologies for diesel vehicles or equipment.

Furthermore, for eligible vehicles, DERA will cover up to 45% cost reimbursement for electric vehicles that replace certain diesel vehicles. The purchase and installation of electric vehicle (EV) charging infrastructure can be included in an EV replacement project.

This is not intended to be a comprehensive list of projects eligible for funding under the State DERA Program; see EPA's [2021-2022 DERA State Grants Program Guide](#) for a complete list of eligible projects and restrictions. Additional information regarding this opportunity may be found on EPA's website at <https://www.epa.gov/dera/state>.

Proposed projects will be evaluated based on diesel emission reductions and cost effectiveness. To advance EPA's priorities for the DERA program, projects also will be prioritized based on the degree to which they meet the criteria listed in the 2022 DERA Guidance Document. This is a reimbursement program; award recipients will be required to demonstrate payment for the project before receiving awarded funds. Projects must be completed by August 31, 2023; funding cannot be guaranteed for projects completed and invoiced after that date.